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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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COMMISSIONERS

GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF
ARIZONA WATER COMPANY TO EXTEND
ITS CERTIFICATE OF CONVENIENCE AND
NECESSITY IN CASA GRANDE, PINAL
COUNTY, ARIZONA.

DOCKET NO. W-01445A-03-0559

PROCEDURAL ORDER

BY THE COMMISSION:

On April 6, 2004, Decision No. 66893 was issued in this docket. Decision No. 66893 conditionally granted an application filed on August 12, 2003 by Arizona Water Company ("Arizona Water" or "AWC") for an extension of its existing Certificate of Convenience and Necessity ("CC&N") in Pinal County, Arizona.

Decision No. 66893 placed two conditions on the approval of Arizona Water's August 12, 2003 application. Arizona Water was ordered to file: (1) a copy of the Developers' Certificate of Assured Water Supply ("CAWS") for both the Post Ranch development and the Florence Country Estates development with the Arizona Corporation Commission ("Commission") within 365 days of the Decision; and (2) a main extension agreement associated with the extension area within 365 days of the Decision.

On July 30, 2007, Decision No. 69722 was issued finding that Arizona Water was not able to comply with the time periods established in Decision No. 66893 because the developer of a portion of the extension area withdrew its Arizona Department of Water Resources ("ADWR") CAWS application. However, the Commission concluded that the issuance of the ADWR Analysis of Assured Water Supply satisfied the objective of the condition in Decision No. 66893 for submission of a CAWS for the Florence Country Estates development and that adequate physical water supplies exist for the development. Decision No. 69722 therefore found that, for purposes of compliance, the conditions placed on Arizona Water's CC&N extension in Decision No. 66893 had been fulfilled.

1 Decision No. 69722 also remanded the case to the Hearing Division for further proceedings regarding
2 whether AWC should continue to hold a CC&N for the property owned by Cornman Tweedy.

3 Following the submission of additional testimony and briefing by the parties, a Recommended
4 Order on Remand was issued by the Hearing Division on November 29, 2010. The Recommended
5 Order was discussed during the Commission's December 14, 2010 Open Meeting, and again during
6 the February 1, 2011 Open Meeting. At the February 1, 2011 Open Meeting, the Commission voted
7 to send the matter back to the Hearing Division for further proceedings to determine "whether a
8 public service corporation, like Arizona Water, in this water challenged area and under the
9 circumstances presented in this case, is providing reasonable service if it is not able or not willing to
10 provide integrated water and wastewater services."

11 By Procedural Order issued February 10, 2011, a procedural conference was scheduled for
12 February 22, 2011, to discuss scheduling of the further proceedings directed by the Commission.

13 At the February 22, 2011, procedural conference, the parties agreed to engage in settlement
14 discussions to try to resolve the contested issues. The parties were directed to file a status report by
15 March 25, 2011 regarding the settlement discussions.

16 On March 25, 2011, counsel for AWC contacted the Hearing Division and indicated that
17 settlement discussions were continuing "fruitfully," but that additional time was needed for further
18 discussions.

19 On May 5, 2011, a Procedural Order was issued directing the parties to file by May 31, 2011,
20 either jointly or severally, a status report regarding the settlement discussions.

21 On May 31, 2011, AWC and Cornman Tweedy filed a Joint Status Report stating that
22 although they had not yet reached a settlement agreement, "they believe in good faith that a
23 settlement may still be achievable and is worth further pursuit." They requested an additional 30
24 days to make a final effort to reach settlement.

25 On June 15 2011, a Procedural Order was issued directing the parties to file by June 30, 2011,
26 notification of settlement and, if no settlement was reached, to jointly file a proposed procedural
27 schedule for discovery, filing of testimony, and hearing date by no later than July 8, 2011.

28 On July 8, 2011, the parties jointly filed a proposed procedural schedule.

1 On July 21, 2011, a Procedural Order was issued setting a procedural schedule for completion
2 of discovery and filing of testimony, and scheduling hearing dates for December 12, 15 and 16, 2011.

3 On September 21, 2011, AWC filed a Motion to Compel Responses to Data Requests and
4 Request for Procedural Conference. AWC claims that the parties have reached an impasse regarding
5 Cornman Tweedy's refusal to answer certain AWC data requests and, given the current discovery
6 completion deadline of September 23, 2011, AWC requests that a procedural conference be
7 scheduled to address the discovery dispute. AWC also states that the parties agreed to file
8 simultaneous motions to compel on September 21, 2011, regarding their respective discovery
9 requests; however, to date, no similar motion has been filed by Cornman Tweedy.

10 IT IS THEREFORE ORDERED that **a procedural conference shall be scheduled for**
11 **October 5, 2011, at 9:30 a.m.**, Hearing Room No. 1, at the offices of the Commission, 1200 West
12 Washington, Phoenix, Arizona 85007. Parties shall be prepared to discuss all pending discovery
13 issues, as well as alternative procedural schedules.

14 IT IS FURTHER ORDERED that **the parties shall file by October 3, 2011, additional**
15 **motions or arguments related to any pending discover disputes.**

16 IT IS FURTHER ORDERED that **the current hearing dates for this matter of December**
17 **12, 15 and 16, 2011, shall be vacated.** The existing procedural schedule shall also be vacated
18 pending resolution of the discovery disputes and discussion of an alternative procedural schedule.

19 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
20 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
21 hearing.

22 DATED this 23rd day of September 2011

23
24 
25 _____
26 DWIGHT D. NODES
27 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE
28

Copies of the foregoing mailed/delivered
this 23rd day of September, 2011, to:

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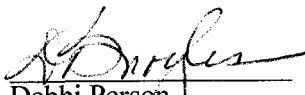
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